

Technology Comparison in Application of Prior-art Defence

Review of Judicial Practices and Observation on Relevant Provision
in the Pending Amendment to the Patent Law

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Introduction

Although infringement lawsuit is separate from patent invalidation proceedings under Chinese patent law, in recent years, Chinese practitioners and academics are advocating that “prior-art” should serve as a defence in patent infringement litigation.¹ In this regard, a provision has been incorporated in the draft of the third Amendment to the Patent Law, namely, Article 64 of the draft Amendment to the Patent Law of the People’s Republic of China (as of 28 February 2008, “Draft Amendment” for short): “In patent infringement litigation, where an accused infringer proves that the patented technology or design in dispute belongs to prior art or prior design, his exploitation does not constitute infringement.” These lead to some concerns. Some scholars enumerated possible demerits of enacting “prior-art defence” from the

perspective of judicial practice, pointing especially to legal uncertainty.² But neither the judicial practice nor Draft Amendment nor academic discussions face upfront the basic questions: Is the prior-art defence directed to the novelty or inventiveness of a patent in suit? And what technology comparison rules should be applied? Given the inconsistency of the concepts of prior art defence, I shall analyse prior-art defence by classification first, and then expose the core issue, i.e., the technology comparison rules. In light of these discussion, finally, I will make proposal for the third amendment to the Chinese patent law, under the existing separation between patent infringement litigation and invalidation proceedings in China. It is suggested that the technology comparison rules and comparison standards be specified in the future prior-art defence provision. An advisable solution is to enact prior-art defence as an exception to infringement, so

as to preserve the public's basic confidence in prior art and the patent system as a whole.

I. "Prior art"

The term "prior art" is of jurisdiction characteristic, and China is no exception. Rule 30 of the Implementing Regulations of the Patent Law of the People's Republic of China (the Implementing Regulations for short) provides: " 'Existing technology' referred to in Article 22, paragraph 3 of the Patent Law means any technology which has been publicly disclosed in publications in this country or abroad, or has been publicly used or made known to the public by any other means in this country, before the date of filing (or the priority date where priority is claimed), that is, prior art". Thus "prior art" is introduced to interpret the term "existing technology". Since this provision underscore the requirement "known to the public", "prior art" is held to be equivalent to "publicly known technology". This concept of "prior art" remains unchanged in the Draft Amendment to the Patent Law, so this article adopts the term "prior-art defence" in the foregoing meaning.

While "prior art" is the sole reference point for assessing the inventiveness of a patent application under the Chinese Patent Law, this does not hold true for novelty assessment. The above provision of the Implementing Regulations interprets the term "existing technology" provided in the "inventiveness" requirement of Article 22, paragraph 3 of the Patent Law, and is not directed to the "novelty" requirement in paragraph 2 of the same Article. For novelty, if an application for a patent relating to the same subject matter of a later application was filed early by another party and the early application is later published after the filing date of the later application, then the early application could be used to reject the later application for lack of novelty, but it could not be relied on as a part of prior art for the purpose of inventiveness examination of the later application.

Depending on its proprietary state, prior-art may be classified as free prior-art and proprietary prior-art. Given prior-art defence is directed to the relationship between the patented technology in suit and an accused technology, the relationship between an accused technology and a third party's patent right is a different legal relationship, unrelated to prior art defence and thus should be an issue left outside discussion of prior-art defence. Therefore, this article does not make the distinction mentioned above.

II. Classification of prior-art defence

While successful "prior-art defence" invariably results in non-infringement, there are varied concepts of prior-art defence among academics in China with different law basis respectively. And owing to the underlying different approach to technology comparison, they impact the novelty and inventiveness of a patent in suit in various ways. For the sake of consistency in the discussion, they are first classified and brief discussed below.

1. Prior-art defence as limitation to doctrine of equivalents

The basic law theory for prior-art defence as a limitation to doctrine of equivalents is that "the doctrine of equivalents should not be applied to expand the scope of [patent] protection to technologies that already existed before the application date."³ This type of "prior-art defence" has long been accepted by the Chinese judicial community, and Li Guang v. Shougang is one of the typical cases.⁴ The "existing technology defence" provided for in Article 100 of the Beijing Municipal Higher People's Court's Opinions on Several Issues Relating to Patent Infringement Adjudication for Trial Implementation (the Opinions for short)⁵ should basically mean this type of prior art defence, but it has a wider coverage. As "existing technologies" do not include technologies in "conflicting applications"⁶, Article 42 of the Opinions explicitly provides that "in passing on patent infringement, doctrine of equivalents shall not apply under the following circumstances:

- 1) The allegedly infringing technical solution is known to the public before the filing date of the patent in suit; and
- 2) The allegedly infringing technical solution is covered by a conflicting application or an early patent application."

Were the material cited in the prior-art defence used as references in the process of patent examination or patent invalidation proceedings of the same patent, it could have ruined the inventiveness of that patent. While material so cited may not contain all the features recited in the claims of the patent in suit, it could still serve to anticipate that patent. As pointed out in the section on Novelty in Chapter 3 of Part 2 of the Chinese Guidelines for Examination, where the difference between a reference and the application is just a "simple substitution of ordinary nature", the application is not novel. Nevertheless, strictly speaking, the court merely examines the novelty and inventiveness of the equivalent features as claimed by the plaintiff for the purpose of limiting the scope

of doctrine of equivalents, and thus it does not necessarily affect the whole foundation for granting the said patent.

However, since patent infringement litigation and invalidation proceedings are separate under Chinese law, to avoid attack of “acting beyond power”, the court would not compare patent in suit with the alleged prior-art technology in applying this type of prior art defence. Instead, it will compare the alleged prior-art technology with the accused technology, a process characterized by absence of objective and clear standards. This point will be elaborated later.

2. Prior-art defence for patent invalidation

This type of prior art defence means that where defendant proves that the patent in suit belongs to prior art and is not patentable, he does not infringe the patent. The references provided by defendant may ruin both the inventiveness and novelty. Under these circumstances, there is no need to distinguish between infringement under the doctrine of equivalents and the literal coverage because the court is directly concerned with the validity of the patent in suit. Given the separation of the patent infringement litigation and invalidation proceedings in China, assessment of patent validity has long been regarded as a forbidden area for judicial power. Where such assessment is necessary, the court will walk around this area. In many prior-art defence cases, the court engages itself in “shadow-fighting”, namely, comparing the accused technology (shadow for patent in suit) with the alleged prior-art technology instead of comparing the alleged prior-art technology with the patented technology in suit. This will be elaborated later.

In addition, the recent judicial practice sees that the court indirectly examines the novelty and inventiveness of a patent in determining procedural matters, that is, if a defendant proves that the technology he used constitutes prior art, the court may not suspend the infringement litigation and arrive directly at a non-infringement ruling, even though the invalidation procedure is still pending. In this regard, Article 9 of the Several Provisions of the Supreme People's Court on Issues Relating to Application of Law to Adjudication of Cases of Patent Disputes provides that “In a utility model and design patent infringement case, where the defendant files a request for invalidation of the patent in suit during the period for his submission, the people's court shall suspend the proceedings except for the following circumstances: ... (2) Where the defendant's evidence is sufficient to prove that the technology used was known to the public before the filing date of the patent”. However, it does not provide specifically

for how to determine whether a technology “was known to the public before the filing date of the patent.”

But key attention should be paid to the implicit technology comparison rules in the prior-art defence provisions of Draft Amendment. Since that prior-art defence provision is not the first type, i.e., prior-art defence as limitation to doctrine of equivalents, nor the third type discussed below, i.e., prior-art defence as exception to patent infringement, the existing judicial practice is quite likely to persist if there is no explicit provision dealing with technology comparison. In fact, the provision of Article 64 of the Draft Amendment is quite fuzzy: “where an accused infringer proves that the technology or design in dispute belongs to prior art or prior design, his exploitation does not constitute infringement”. It does not make clear the scope of and standards for the judicial review. It neither specifies that the defence is directed to novelty or inventiveness, nor the rules for technology comparison. Under the separate systems of the patent infringement litigation and invalidation proceedings, the court will intuitively avoid attack of acting beyond its power by pursuing “shadow-fighting”, a tactics which will be elaborated later.

3. Prior-art defence as an exception to infringement

Under this type of prior-art defence, although the accused technology covers all the feature of the disputed patent, the defendant is exempted from infringement because the said technology is prior art. In this regard, under some circumstances, a technology entitled to “prior use” could be prior art.⁶ When a defendant did not publicly use or was not prepared to use the same technology covered by the patent in suit before the filing date of the said patent, he, according to Article 63 (2) of the current Patent Law, has the right to go on using the technology within the original scale and scope, and is exempted from infringement liability. If the technology entitled to prior use was “known to the public” before the filing date of the disputed patent, that technology constitutes part of prior art. Then, the defendant may make defence on the basis of “prior use” or “prior art”.⁷ Where a defence is on the basis of prior use of prior art, it is in the form of exception to infringement, subject to the limitations of “prior use”.

Under Article 63 (2) of the Patent Law now in force, in applying this special prior-art defence, the court would only deal with the novelty of the patent in suit. Under this provision, only when prior use makes the “same” product or uses the “same” method, it could be exempted.⁸ In fact, the standard for determining same product or same method is the

standard for assessing novelty, that is, the literal infringement doctrine should apply to comparison of the technology for alleged prior use with the patented technology in suit.

It should be noted that this special prior-art defence as a sort of prior use is of much significance in introducing a prior-art defence provision into the existing Chinese patent system. In infringement litigation, was the court able to directly examine the validity of a patent, when a technology is entitled to the privilege of prior use of prior art, defendant may well request that the patent in suit be declared invalid for lack of novelty: There is no need at all to claim prior use.⁹ But with the separation of the patent infringement litigation and invalidation proceedings in China, the court is not empowered to declare a patent invalid, and prior-art defence thus becomes an instrument for the court to indirectly examine patent validity and protect the defendant's legitimate interest, so as to ameliorate the tension caused by such separation. Under the current patent law, prior-art defence based on prior use at least show that there is explicit legal provision for certain sort of prior-art defence. More importantly, this special prior art defence illuminates objective and explicit rules for technology comparison for the application of prior-art defence, which matters importantly for amendment to the Patent Law. And this will be elaborated later.

III. Technology Comparison in Prior-Art Defence

Technology comparison is the core issue in the application of prior-art defence, and now also very controversial. In the prior-art defence proceedings, three pairs of comparisons could arise: (1) that between the accused technology and the patented technology in suit; 2) that between the patented technology in suit and the alleged prior-art technology (reference); and 3) that between the accused technology and the alleged prior-art technology. Technology comparison of prior-art defence could proceed in the following three ways, which is analyzed one by one below.

1. Comparison between accused technology and alleged prior-art technology → comparison between accused technology and patented technology

According to the current judicial practice, prior art defence proceeds first with comparison between the accused technology and the alleged prior-art technology, and then comparison between the accused technology and the patented technology in suit. This approach is also called by

scholars as the "priority for application of publicly known technology defence."¹⁰ He Weibin v. Wenzhong Electronics is one of the typical cases. In this case, the Wenzhou Intermediate People's Court held: "In publicly known technology defence, technology comparison should be conducted between material cited by the accused infringer as evidence of the publicly known technology with the alleged infringing product, so as to determine whether the technology used in the alleged infringing product was known to the public before the filing date of the patent in suit. Thus, it does not involve comparison between the alleged known technology and the patented technology. Besides, if the publicly known technology defence is established, a comparison between the patented technology and the alleged infringing product is unnecessary."¹¹ On appeal, the Zhejiang Higher People's Court took a similar position as to technology comparison¹²: First determining whether the cited material constitutes a reference for the publicly known technology defence; second, comparing the technology disclosed in the reference with the technical solution of the allegedly infringing product; and third, comparing the features of the alleged infringing product with those recited in the claims of the patent in suit.

In support of this approach, the Third Civil Tribunal of the Supreme People's Court's opinion in its Letter of 1999 on Cases of Patent Infringement Dispute between Wang Chuan and the Hefei Jichu Trading Co., Ltd. (the Wang Chuan case for short) is often cited. According to that letter, "where the Shendian Corporation's technology was the same as Wang Chuan's patent or not, where Shendian made a defence based on a publicly known and used technology, comparison of Shendian's technology with the patented technology is appropriate only after a comparison of Shendian's technology with the alleged publicly known and used technology shows that they are different." In addition, the letter also makes clear the method to be used in comparing the accused technology with the alleged prior-art technology: "In the comparison between the Shendian's technology and the alleged publicly known and used technology, the court should make clear whether the relevant essential features of the former are all disclosed by the cited material; and when they are different, whether the difference is substantial or not, that is, whether the substitution of the relevant features is obvious or not. Only when this comparison shows that the two are substantially different is it tenable to deny Shendian's defence. In addition, ordinary technical appraisal or at least experts' consultation should be sought for such technology

comparison.

However, these opinions of the letter are unsuited to serve as the legal basis of technology comparison rules applicable to prior-art defence. First, this letter only comprise the Supreme People's Court's (SPC for short) opinion concerning the passing on a particular case by a lower court rather than a judicial interpretation of a general nature capable of applying to a class of cases. In fact, not all the SPC opinions are judicial interpretations. Only those that are not limited to particular cases could be judicial interpretations binding on a class of cases.¹³ In the aforementioned letter, SPC highlighted "the Shendian's technology" and "Wang Chuan's patent", showing that it was particularly concerned with the specific circumstances of that case and it had no intention to make such judicial comments generally binding. Moreover, the letter was directed to the Anhui Higher People's Court only, requesting the lower court to fully rehear the said case. It should also be noted that the letter was issued in the name of the Third Civil Tribunal of the SPC, not that of the SPC's Adjudication Board. Furthermore, the wording "whether the Shendian Corporation's technology was the 'same' as Wang Chuan's patent" in the letter seems to show that SPC was taking pains to break new ground in that particular case, that is, to make prior art defence possible in literal infringement cases as well as cases of infringement under the doctrine of equivalents. The order and principle of technology comparison did not command much attention, but merely served as an expedient instrument for making the breakthrough.

Fundamentally, putting priority on application of prior-art defence by first comparing the accused technology with the prior art technology and eschewing comparison of the prior art with the patent in suit, the courts could cleverly stay away from the criticism of "acting beyond power". In so doing, courts also create unbounded discretion, a step both risky and untenable. First of all, in infringement litigation, the patent in suit should be "presumed" to be valid. If the court does not compare the accused technology with the patent in suit, but instead compare primarily the alleged prior-art technology with the accused technology, this is in fact a deviation from the centre of the patent infringement litigation, amount to significant indifference to patent protection. It is likely that a patentee would rather like the court to directly examine the validity of the patent right and compare the alleged prior art technology and the patent in suit because this practice could at least keep the patent right at the center of

the litigation. Where comparison of the alleged prior-art technology with the accused technology is to be made first and comparison of the accused technology with the patent in suit is contingent on result of the former, the patent right is actually marginalised. According to this approach, where the comparison of the alleged prior art technology with accused technology shows that defendant exploited an existing technology, prior-art defence is successful and there is no infringement. As a result, while the court does not deny the validity of the patent in suit, the patent right is not respected in effect: there is no way for the patentee even to find out what flaws in his patent have made it unenforceable. For lack of novelty or inventiveness? This is unfair.

Next, there is no objective and clear standards for comparison between the accused technology and the alleged prior-art technology, which leads to tremendous discretion for the court and legal confusion and conflict for the public. The comparison between the accused technology and the alleged prior-art technology is a tactics to fight with a "shadow". The approach supposes the accused technology to be a "patent application", a "shadow" of the patent in suit. The courts hope to use a reference to destroy the novelty and inventiveness of this imagined patent application (i.e., fight with the shadow) so as to indirectly deny the novelty or inventiveness of the patent in suit and thus justify a non-infringement ruling. In the aforementioned SPC letter for Wang Chuan v. the Hefei Jichu Company, the accused technology is the imagined "patent application", and the court is expected to determine via material submitted by defendant whether the accused technology is part of prior art, that is, "whether or not all the essential features have been disclosed by the reference", and whether or not the difference between the features of the two is substantial, "namely whether the substitution of the relevant features is obvious." As the letter did not use the terms of "novelty" and "non-obviousness", it was not clear whether the court would adopt the same standards as those in patent examination, let alone whether all the courts would uniformly and consistently apply them. Also, it is impossible to know whether the technology comparison to be conducted is based on the knowledge standard of the experts in the art or on that of those ordinarily skilled in the art; whether it is based on the time of the cited document or on the date of filing or date of grant of the patent in suit, or even on the date of instituting the lawsuit. There are still more matters of these kind open to debate. It appears that the court is free to make its own choice in each case.

More importantly, the imagined patent application “is drafted” in the mind and in the proceedings of the patent infringement litigation. It is at least dubious that the technology comparison could be objective and work consistently. Had features recited in the claims of the patent in suit served as reference point for the comparison between the accused technology and the alleged prior-art technology, the court would have in fact compared the patented technology in suit with prior art technology, which is forbidden. This is what the court tries hard to avoid. For that reason, when comparing the accused technology with the prior-art technology, the court should, and may, consider features other than those recited in the claims of the patent in suit. If the cited material submitted by defendant is a patent document, the court might well directly compare the accused technology with said patent in light of the whole text of that patent (including the claims, description and drawings). Therefore, absent objective, consistent comparison standards for comparison of the accused technology with the alleged prior-art technology and that of accused technology with the patented technology in suit, disconnection is very likely to result. In such a case, even if a reference is sufficient to deny the novelty or inventiveness of the imagined patent application, it does not mean that the said reference is sufficient to deny the novelty or inventiveness of the patent in suit. However, under the approach of priority for application of prior-art defence, here the court may still accept the so-called prior-art defence and decide on non-infringement, without bothering to compare accused technology with patented technology in suit. An embarrassing result follows: The right-holder lose the case even before his patent right is taken into consideration! This is unacceptable.

In addition, we should not pin much hope on technical appraisal or experts consultation suggested in the SPC letter since technology comparison standard, selection of features to be compared, construction of claims (if the features are selected with reference to the claims of the patent in suit) are all legal matters, not purely technical ones.

To sum up, while the idea of priority for application of prior-art defence is quite forward, this approach promises its application to be a fight with a “shadow”, full of uncertainty. This should not be the direction of development for the future prior-art defence rules in China. If the court insists on this approach, it should at least first establish a whole set of standards for technology comparison in order to preserve consistent law application.

2. Comparison between Accused Technology and Patented Technology in Suit → Comparison between Accused Technology and Prior-Art Technology

This approach is explicitly provided for in the Beijing Higher People's Court's Opinions on Several Issues Relating to Patent Infringement Adjudication, wherein Article 100 provides: “Existing Technology Defence means that in patent infringement litigation, where the accused infringing article (product or process) is equivalent to the technical solution recited in the claims of the patent in suit, the defendant does not infringe the patent if he proves that the accused infringing article (product or process) is equivalent to an existing technology”. Furthermore, Article 101 provides for the rules for comparison of accused technology with alleged prior-art technology: “When a defence is made on the basis of an existing technology, the existing technology should be a prior, independent technical solution available before the date of filing of the patent in suit or according to knowledge of a person ordinarily skilled in the art be an obvious and simple combination of the existing knowledge.” In short, “This rule of technology comparison is essentially the same as that used in assessment novelty and inventiveness of a patent application.”¹⁴

Under this approach, although comparing first the accused technology and the patented technology in suit shows respect for patent, the comparison between the accused technology and the prior-art technology to determine the “equivalents” between the two is sure to be a fight with a “shadow”. The said Opinions on Several Issues Relating to Patent Infringement Adjudication do not set forth the standards for assessing “equivalents”: Should the two technical solutions as a whole be equivalent, or should the individual corresponding features of the two technical solutions be equivalent? Even if the court applies “doctrine of equivalents” by analogy under these circumstances, many questions remains unanswered. According to Article 32 of the Opinions on Several Issues Relating to Patent Infringement Adjudication, “Doctrine of Equivalents means that one or more features of the accused infringing article (product or process) is not literally the same as those recited in the independent claims of the patent in suit, but upon analysis it can be established they constitute equivalent features. If so, the accused infringing article (product or process) fall into the scope of the patent protection.” Unfortunately, however, as a “shadow” of the patent in suit, the accused technology is not a real patent document, whose features are not objectively and

clearly recited by the claims. To make matter more complex, a cited material, being it the accused technology or an alleged prior-art technology, invariably includes explicit or implicit numerous features, described in various languages. Where the technology is very complicated in nature, the expression of the features would be very sophisticated. The most crucial issue is that different selection of the features to be compared is likely to lead to completely different conclusion. When the features selected by the court are considerably different from those recited in the claims of the patent in suit, even if the accused technology is equivalent to the prior-art technology, it is not safe to say that the said prior-art technology is equivalent to the patented technology in suit. In any event, if the claims of the patent in suit are not taken as the benchmark for determining equivalence, comparison between the accused technology and the alleged prior-art technology is a fight with a “shadow”, without objective standards to ensure legal consistency and certainty.

3. Comparison between Accused Technology and Patented Technology in Suit → Comparison between Patented Technology in Suit and Alleged Prior-Art Technology

Both the first prior-art defence, namely, prior-art defence as a limitation to doctrine of equivalents and the third type, namely, prior-art defence as an exception to infringement, require first comparing the accused technology with the patented technology in suit and then the patented technology in suit with the alleged prior-art technology. For the former, it must be firstly established that the accused technology does not literally infringe. Upon this finding, the right-holder must claim that it is an infringement under the doctrine of equivalents. To arrive at such a finding, it is necessary to compare the accused technology with the patented technology in suit to determine the “equivalent features”, that is, “compared with the corresponding features recited in the claims of the patent, those features of the accused infringing article use substantially the same means, perform substantially the same function, and achieve substantially the same effect” and “they are features, which, for those ordinarily skilled in the art, can be contemplated upon reading the claims and description of the patent, and can be associated without creativity”. In other words, the comparison is to determine whether defendant's product or process falls within the scope of protection for the patent in suit under the doctrine of equivalents. Following that, in order to be exempted from infringement liability, it is necessary for defendant to assert prior-art defence, which entail comparison between

the patented technology and the alleged prior-art technology (the cited material). If the equivalent features and other features of the patent in suit are disclosed by the cited material, prior-art defence is successful.

For the latter, Article 63 (2) of the Patent Law provides for a very clear rule for technology comparison. First, the accused technology should be compared with the patented technology in suit to determine whether infringement occurred. Upon finding of infringement, it is necessary for defendant to turn to this provision for the exception to infringement. Then, the cited material submitted by defendant as evidence of prior use should be compared with the patented technology in suit. If cited material covers each and every feature of the claims of the patent in suit, then it is established that defendant manufacture the “same” product or use the “same” process with the patented technology before the filing date of the patent in suit, and should be exempted from infringement. However, had the prior art “infringed” the patent in suit under the “doctrine of equivalents” (suppose the patent right were valid before the application date), in theory, exemption should also be permissible.

In the current judicial practice in China, there are cases where this approach of technology comparison was applied. For example, in *Xiangbei Welman v. Guangzhou Welman*, the two parties “compared the alleged infringing product with the invention patent” and “compared the invention patent with the alleged publicly known technology” before the court. In the ruling, the court underscored that “the publicly known technology defence is direct to deny novelty of a patent”.¹⁵ This position is similar to the approach adopted for the prior-art defence as exception to infringement discussed above.

To sum up, the core of this technology comparison rule resides in keeping the features recited in the claims of the patent in suit as an objective comparison benchmark; and both literal coverage doctrine and doctrine of equivalents are applicable by analogy to the comparison between patented technology in suit and alleged prior-art technology in order to determine whether they are same, equivalent or different. Since this approach provides “objective and clear” standards for technology comparison in prior-art defence, it points the direction for a possible prior-art defence provision in future Chinese law.

IV. Building Prior-Art Defence Rules

Prior-art defences all directly or indirectly impact validity of patents, and directly affects patent protection. Thus, when building rules for prior-art defence in China, it is important to specify rules for technology comparison and the mode and extent of its impact on patent validity in order to preserve adequate respect for patent rights. However, given the separation of the patent invalidation proceedings and the infringement litigation, the current Article 64 of the Draft Amendment, which is void of rules for technology comparison, would force court to continue existing “shadow-fighting” discussed before, with novelty and inventiveness of a patent judged by unclear and uncertain rules. Given there is no uniform patent court of appeal in China, much legal inconsistency and uncertainty should follow among the courts and the patent administrative authorities.

It is advisable that Chinese patent law specifies prior-art defence as an exception to infringement. This approach could ameliorate the tension resulting from the separation of the patent invalidation proceedings and the infringement litigation by recognizing that comparison between the alleged prior-art technology and the patented technology in suit is legally acceptable and establishing an objective and clear rule for technology comparison. Considering that there is now no uniform intellectual property court of appeals in China, the court should only be empowered to examine the novelty of a given patent and be restrained from assessing inventiveness of a patent. A prior-art defence so framed concerned itself primarily with the protection of basic trust in prior art and patent regime. As this trust comprises fundamental private interests not coming from state grants, one should not be required to go through the patent invalidation proceedings in order to enjoy these interests. Once defendant shows that a patent in suit lacks novelty before court, such patent should not be enforceable, and the defendant should be exempted from infringement.¹⁶ This prior-art exception to infringement is justified by the protection of the basic trust interests of the public and the ensuing non-infringement decision is not based on invalidation of the patent in suit. Put it otherwise, the purpose of comparison between the alleged prior-art technology and the patented technology in suit is to protect the basic trust interest of the public, not to deny the validity of a patent. Although this approach would impact on the system of the separated patent invalidation proceeding and patent infringement litigation, it may not go against it.

Furthermore, if prior-art defence so framed only empowers the court to examine novelty, its impact will be much

softened on the existing system of the separated patent invalidation proceeding and patent infringement litigation. Assessment of novelty is similar to determination of literal infringement. For a reference to anticipate a patent, it should have all the features recited in the claims of the said patent, quite similar to determination of literal infringement, with which Chinese courts are already quite familiar through infringement cases. Furthermore, technologies are compared by reference to the features recited in the claims of the patent in suit, with the accused technology first compared with the patented technology in suit, which in turn is to be compared with alleged prior-art technology. This process is objective and of sufficient legal certainty. Besides, first empowering the court to examine novelty would pave way for empowering the court to fully examine the validity of patent in the future.

In conclusion, it is advisable that Article 64 of the Draft Amendment be incorporated into Article 63 of the current Patent Law, acting as another exception to infringement. In so doing, the existing structure of the Patent Law is preserved: Article 11 as a general provision for patent protection and Article 63 as the sole provision for exceptions to infringement. Meanwhile, it should make clear the rules for technology comparison and restrain the court's power from examining inventiveness. In this way, we could push steady reform of the patent system without unduly breaking judicial consistency and certainty. ■

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¹ For the article with a systematic overview of the relevant judicial practice, see We Yuhe, Application and Development of Prior-art Defence, in the China Patents & Trademarks, 2007, issue 3.

² See Cheng Yongshun, Recommendations on the Draft Amendment to the Patent Law, in the China Patents & Trademarks, 2007, issue 3, P.34.

³ See the Bluebook No.7 on Science and Technology in China: the IP System in China, 1992.

⁴ See Wu Yuhe, Application and Development of Prior-art Defence, in the China Patents & Trademarks, 2007, issue 3, P.46.

⁵ Article 100 of the Opinions on Several Issues Relating to Patent Infringement Adjudication: “Defence of existing technology means that in patent infringement litigation, where the accused infringing article (product or process) is equivalent to the technical solution recited in the claims of the patent in suit, the defendant does not infringe the patent if he proves that the accused infringing article (product or process) is e-

equivalent to an existing technology”.

⁶ For patent applications prior to a given application, some may have been published before the filing date of the patent and thus constitute part of prior art; and others may be published after the date of filing of the patent even though it was filed earlier, it constitute no part of prior art under Chinese patent law. The latter is called conflicting application in Chinese academy.

⁷ It is widely held that a technology entitled to privilege prior use should be confidential before the filing date of the involved patent. If a technology is “known to the public”, it constitutes prior art and could destroy of the novelty of the patent in suit. In this event, it is argued that “prior use” should not be applicable, and the patent should be invalidated through the patent invalidation proceedings if the defendant is to be exempted from infringement (it should be noted here that since this could only apply to literal infringement, as prior-art defence is now only safe as a limitation to doctrine of equivalents in judicial practice.). (See, Legal Affairs Department of SIPO: A Detailed Explanation of the New Patent Law, Publishing House of Intellectual Property, 2001, P.365.)

For similar view, see Judgement No. Wanminsanzhongzi 20/2004, and Zhang Hongsheng and Li Zhonghao, Right of Prior Use Does Not Cover Right of Public Use, available from <http://www.chinacourt.org/public/detail.php?id=180627> (visited on 18 June 2008)

However, the author disagree these view. In fact, Article 63 (2) of the current Patent Law does not limit “prior use” to prior secret used. There is no solid reason for such a strict interpretation. This position is supported by patent law in developed countries, for example, see, *infra* note 9, UK Manual of Patent Practice.

⁷ See Xu Zhongqiang, Study on Several Issues relating to Prior Use, in the China Patents & Trademarks, 2005, issue 1. It should be noted, however, that a premise for choosing “prior-art defence here is that the law has already expressly provided for “prior-art defence”.

⁸ For an interpretation of “same product”/“same process”, see, Guidelines for Examination (2006). P.148.

⁹ See, Manual of Patent Practice, Section 64.05. “Although this section makes no distinction between public and secret acts, if the act was public it might constitute prior use of the invention whereby it became part of the state of the art under s.2(2), thus depriving the invention of novelty and impugning the validity of the patent (see 2.27 to 2.29). If the patent was thus invalid, infringement would not arise and a user would not need the protection of s.64.” Available at:

<http://www.ipo.gov.uk/patent/p-decisionmaking/p-law/p-law-manual/p-law-manual-practice/p-law-manual-practice-patent1977.htm>. (last visited June 25, 2008)

¹⁰ See Liu Guowei, On Application of Doctrine of Prior-art Defence, the China Patents & Trademarks, 2005, issue1.

¹¹ See He Weibin v Ruian City Wenzhong Electronic Equipment Co., Ltd., and Judgement No. Wenminsanchuzi 196/2004 In the Matter of utility model patent infringement.

¹² See, Appellant He Weibing v Appellee Ruian City Wenzhong Electronic Equipment Co., Ltd., and Judgement No. Zheminsanzhongzi 219/2005 In The Matter Of Patent Infringement

¹³ For a typical case, see the Supreme People’s Court’s Reply No. Min-santizi 2/2005.

¹⁴ See, *supra* note 10.

¹⁵ See, Xiangbei Welman Drugs Co., Ltd. v. the Guangzhou Welman Drug Industrial Co., Ltd.(No. Changzhongminsanchuzi 365/2005) in the Matter of Declaratory Judgement for Non-infringement.

¹⁶ Besides, where an application comprising merely existing technology is filed in bad faith (especially for utility model or design patent), once the court decides that the subject matter lacks novelty, the applicant’s bad faith could be presumed to some extent, which could lend some grounds to declared the involved patent unenforceable. It should be noted that under Chinese Patent Law, application for utility model or design patent is only to undergo formality examination, no substantive examination. This in fact is a fertile ground for bad faith application.